



Mr Mike Knight,
Chief Executive,
Intellectual Property Regulation Board
3rd Floor,
95 Chancery Lane
London
WC2 1DT

13 July 2009

PP10/09

Re: Regulation of the Intellectual Property Profession consultation about fees

1. This letter sets out the response of the Intellectual Property Federation (“the Federation”) to the proposals of the Intellectual Property Regulation Board (“IPReg”) for a scale of practice fees as set out in IPReg’s recent consultation document.
2. The Federation is a body representing the views of British Industry on intellectual property issues. Its membership is set out in the Appendix to this letter.
3. As you are aware, the Federation has previously expressed to IPReg in December 2008 the view that the additional costs to industry of regulation of the intellectual property profession are likely to be burdensome to patent and trade mark attorneys working in UK industry. As a result, it was expected that there would be an increased disincentive for UK patent and trade mark attorneys employed in industry to remain on their respective registers and members of their respective UK professional bodies (CIPA and ITMA).
4. Since December 2008 UK industry has been severely impacted by the economic downturn. The membership of the Federation is under unprecedented pressure to keep down its intellectual property costs.
5. The practical advantage to employers of having the patent attorneys they employ on the UK register is small, especially since almost all are qualified as European Patent Attorneys. *Accordingly it is very important to set fee rates at a low level, and the Federation acknowledges and welcomes*

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IPReg's efforts in this direction. It urges IPReg to make every effort consistently to maintain low fees for industrial attorneys in future, for once the attorneys in a particular company have deregistered, they are unlikely to re-register later. A separate, broad point arises. The Federation notes that, if the definition of industrial practice for this purpose is that of "corporate work" in the draft Rules of Conduct, then there is a potential problem in that definition. This point being of broader significance than the present consultation on fees, the Federation will comment on it separately.

6. *The Federation has also a major reservation concerning the proposed fee regime for sole practitioners. Industrial intellectual property departments are increasingly reliant upon the services of individual attorneys acting as sole practitioners on a consultancy or freelance basis. Such attorneys have often recently retired or been made redundant. Some such individuals consult personally; others consult through the vehicle of a limited liability company. Some are required to take out professional liability insurance; others provide services on the basis that the individual company or companies for whom they consult will take all the risk. The Federation is of the opinion that such practitioners are for all intents and regulatory purposes in the same position as patent attorneys employed in industry. Under the current proposals, such individual attorneys face paying an additional fee of £500, if they provide consultancy or freelance services as an individual, or £525 if they have formed a limited liability company in order to provide services. The Federation envisages that this additional fee burden will have the following effects:*
 - a. It will encourage individual consulting or freelance attorneys to come off the Register.
 - b. It will act as a disincentive to retired industrial patent and trade mark attorneys remaining in practice, thereby denying industry access to a cadre of uniquely experienced and qualified professionals, whose knowledge and experience of their former

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employer's businesses would be irreplaceable. Such practitioners approaching the end of their career generally work on a part-time basis so increases in their fixed costs tend to have a disproportionate effect.

- c. It would tend to create an "underclass" of unregistered practitioners, thereby defeating one of the aims of regulation.
7. The unprecedented cost pressures on industrial IP Departments are likely to continue for the foreseeable future and certainly into 2010 when the new fees are first due to be levied. One strategy being employed by Industry to reduce costs is to make judicious use of sole freelance IP practitioners in preference to recruiting new staff. Such attorneys tend to charge far less than their brethren in private practice. Industry can therefore ill afford to have the pool of consulting or freelance patent attorneys reduced at this time.
8. Individual attorneys practising on a freelance or consultancy basis, whether directly or from the protection of a limited liability company, are readily distinguishable as a class from the mainstream of private practice. For example, they may give their employing industrial company's address for service on patent and trade applications, they may not be required to keep records outside their employing company's premises, and they will not usually pay from their own account patent and trade mark fees. They are therefore far more akin to employees than to private firms of intellectual property attorneys. The Federation thus concludes that the regulatory framework should recognise consulting/freelance attorneys as a distinct class and should set the fees for such attorneys at the same rate as for attorneys employed in industry.
9. The Federation therefore gives the following answers to the specific questions posed by IPReg in its consultation document:

Do you consider this framework for individual recognises and addresses the concerns of individual Attorneys?



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Yes - it is important that there be no financial incentive for Attorneys to come off the register.

Do you consider that the framework of the proposed fee structure for bodies on the registers represents a balanced approach? If not, what arrangements would you suggest?

It is believed that corporate bodies formed as a vehicle for individuals to consult for individual companies should be exempted for the reasons given above.

Do you agree that operating the registers of entities as a single entity with appropriate designations so that any interested party can determine whether the body is a Patent Attorney, Trade Mark Attorney or Patent and Trade Mark Attorney is a sensible approach?

Yes.

Do you agree that the proposals for charging sole traders represent a reasonable balance between the risks to the regulatory regime and costs to the sole trader of regulation?

The Federation, as indicated above, believes that sole traders providing freelance or consultancy services to industrial intellectual property departments should be treated as if an employee of that company and therefore exempted from "sole trader" fees.

Do you agree that there should be a reduction in the individual fees in respect of those categories of attorney (industrial Attorneys, inactive practitioners and very small practices) set out above? If not, why not?

The Federation is strongly of the view that industrial Attorneys should pay a reduced fee. It has a reservation if the definition of industrial practice is that of "corporate work" in the draft Rules of Conduct.

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Should there be a reduction for a very small practice? If so, how might that category of individual be determined?

The Federation believes that the prime determinant of fee size should be the range of services offered by the very small practice. If that practice pays fees to intellectual property offices on behalf of its clients, gives its own premises as an address for service, and keeps records at its own premises for its clients, it should be seen as providing a full range of services and be charged accordingly. If, however, the very small practice does none of these things and merely provides freelance or consultancy services to industrial intellectual property departments and the like, it should not have to pay any “practice” fees beyond those paid by the individual industrial practitioner.

Do you agree that the monies that Attorneys will have to pay for the implementation of first quarter running costs of the LSB be collected by IPREG in the first year?

Yes.

Yours sincerely,

IP Federation

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IP Federation members 2009

The IP Federation (formerly TMPDF), represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. Its membership comprises the innovative and influential companies listed below.

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Nokia UK Ltd
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